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WELFARE AND INSTITUTIONS CODE - WIC

DIVISION 9. PUBLIC SOCIAL SERVICES [10000 - 18999.98] (*Division 9 added by Stats. 1965, Ch. 1784.*)

PART 6. MISCELLANEOUS PROVISIONS [18000 - 18999.98] (*Part 6 added by Stats. 1965, Ch. 1784.*)

CHAPTER 16.1. The California Hope, Opportunity, Perseverance, and Empowerment (HOPE) for Children Trust Account Act [18997.5 - 18997.55]

(*Chapter 16.1 added by Stats. 2022, Ch. 569, Sec. 57.*)

18997.5. (a) This chapter shall be known, and may be cited, as the California Hope, Opportunity, Perseverance, and Empowerment (HOPE) for Children Trust Account Act.

(b) The California Hope, Opportunity, Perseverance, and Empowerment (HOPE) for Children Trust Account Program is hereby established for the purpose of providing an eligible child with a trust account pursuant to this chapter.

(c) This chapter shall be construed liberally in order to effectuate its legislative intent of creating opportunities, economic autonomy, and hope, and to promote intergenerational wealth and asset building for an eligible child and eligible youth as one of the many strategies California must employ to reverse our state's record level of inequality. The purposes of this chapter and all of its provisions with respect to the powers granted shall be broadly interpreted to effectuate that intent and those purposes and not as to any limitation of powers.

(*Added by Stats. 2022, Ch. 569, Sec. 57. (AB 156) Effective September 27, 2022.*)

18997.51. For purposes of this chapter, the following definitions shall apply:

(a) "Account," "trust account," or "HOPE trust account," means the California Hope, Opportunity, Perseverance, and Empowerment (HOPE) for Children Trust Account in the name of an eligible child or eligible youth.

(b) "Board" means the California Hope, Opportunity, Perseverance, and Empowerment (HOPE) for Children Trust Account Program Board established pursuant to Section 18997.52.

(c) "Department" means the State Department of Social Services.

(d) "Eligible child" means a minor resident of California who is under 18 years of age, has not emancipated from their parent, Indian custodian, or legal guardian, and meets one of the following qualifications:

(1) They reside in California and their parent, Indian custodian, or legal guardian died during the federally declared COVID-19 public health emergency, and the cause of death for the parent, Indian custodian, or legal guardian is listed as COVID-19 on their death certificate or they died as a consequence of having long-term COVID-19, and the minor's family household income, considering the income prior to the death of the parent, is at or below the income that would make the child eligible for Medi-Cal benefits under Chapter 7 (commencing with Section 14000) of Part 3. For purposes of this paragraph, "family household" means one or more persons, all of whom are related by marriage, birth, adoption, or guardianship, and "federal poverty level" means the poverty guidelines updated periodically in the Federal Register by the United States Department of Health and Human Services under the authority of Section 9902(2) of Title 42 of the United States Code.

(2) (A) A foster child who resides in California, or is a California resident who is placed out of state by a juvenile or tribal court, and meets both of the following:

(i) The child has been adjudged a dependent child of the juvenile court on the grounds that the child is a person described by Section 300, or the child has been adjudged a ward of the juvenile court on the grounds that the child is a person described by Section 601 or 602, or the child is a dependent child of the court of an Indian tribe, consortium of tribes, or tribal organization who is the subject of a petition filed in the tribal court pursuant to the tribal court's jurisdiction in accordance with the tribe's law and the tribe has notified the department about the child's status as a dependent child under the tribal court. The

department shall not require an Indian tribe, consortium of tribes, tribal organization, or tribal court representative to notify the department of any child who is a dependent of the tribal court.

(ii) The child meets one of the following:

(I) The child is subject to a foster care order, has been in foster care for at least 18 months, and reunification services have been terminated by an order of a juvenile or tribal court.

(II) The child is subject to a foster care order after 16 years of age, and reunification services have been terminated by an order of a juvenile or tribal court.

(B) Notwithstanding clause (ii) of subparagraph (A), if the child reunifies with their parent or legal guardian, is adopted, enters into a tribal customary adoption, or is placed into a legal guardianship, at any point in time subsequent to meeting the qualification specified in clause (i) of subparagraph (A), the child shall remain an eligible child and program enrollee and shall be able to access their HOPE trust account, but shall no longer be eligible for annual contributions effective 12 months following the date of reunification, adoption, or legal guardianship, or until the child reaches 18 years of age, whichever is sooner.

(e) "Eligible youth" means a program enrollee for whom a HOPE trust account was established and who is now eligible to withdraw or transfer funds from their HOPE trust account.

(f) "Fund" means the California Hope, Opportunity, Perseverance, and Empowerment (HOPE) for Children Trust Account Fund created pursuant to Section 18997.53.

(g) "HOPE Trust Account Program" or "program" means the California Hope, Opportunity, Perseverance, and Empowerment (HOPE) for Children Trust Account Program established pursuant to the this chapter.

(h) "Program enrollee" means an eligible child who has been enrolled in the program and whose parent, Indian custodian, or legal guardian has not opted the child out of program participation, and an eligible youth who was enrolled as an eligible child in the program and has not terminated their participation.

(Added by Stats. 2022, Ch. 569, Sec. 57. (AB 156) Effective September 27, 2022.)

18997.52. (a) (1) There is hereby created within state government the California Hope, Opportunity, Perseverance and Empowerment (HOPE) for Children Trust Account Program Board, which shall consist of nine members, as follows:

(A) The Treasurer, or their designee, who shall serve as the chair.

(B) The Director of Finance, or their designee.

(C) The Controller, or their designee.

(D) An individual with expertise in poverty alleviation and the racial wealth gap appointed by the Senate Committee on Rules.

(E) An individual with investment expertise appointed by the Speaker of the Assembly.

(F) An individual with expertise on financial empowerment and consumer protection appointed by the Governor.

(G) A public member who has experienced childhood poverty appointed by the Governor.

(H) Two additional nonvoting members appointed by the Governor.

(2) Members of the board appointed by the Governor, the Senate Committee on Rules, and the Speaker of the Assembly shall serve at the pleasure of the appointing authority.

(b) All members of the board shall serve without compensation. Members of the board shall be reimbursed for necessary travel expenses incurred in connection with their board duties.

(c) Board members and other staff of the board shall not do any of the following:

(1) Directly or indirectly have any interest in the making of any investment made for the program, or in the gains or profits accruing from any investment made for the program.

(2) Borrow any funds or deposits of the HOPE trust accounts, or use those funds or deposits in any manner, for themselves or as an agent or partner of others.

(3) Become an endorser, surety, or obligor on investments by the board.

(d) The board and staff, including contracted administrators and consultants, shall discharge their duties as fiduciaries with respect to the HOPE trust accounts solely in the interest of the program enrollees as follows:

(1) For the exclusive purposes of providing benefits to program enrollees and defraying reasonable expenses of administering the program.

(2) By investing with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with those matters would use in the conduct of an enterprise of a like character and with like aims.

(e) The board, subject to its authority and fiduciary duty, and in consultation with the advisory workgroup established pursuant to Section 18997.54, shall administer the program and the funds appropriated for the program in alignment with the intent of the Legislature to create opportunities, economic autonomy, and hope, and to promote wealth and asset building for an eligible child and eligible youth to address California's record levels of inequality.

(f) The HOPE trust accounts are an instrumentality of the state. Any security issued, managed, or invested by the board within the HOPE trust accounts on behalf of a program enrollee shall be exempt from Sections 25110, 25120, and 25130 of the Corporations Code.

(g) To achieve the functions specified in this section, the board shall have the power and authority to do all of the following:

(1) Make and enter into contracts necessary for the administration of the program.

(2) Adopt a seal and change and amend it from time to time.

(3) Cause moneys in the HOPE trust accounts to be held and invested and reinvested.

(4) (A) Accept any grants, gifts, legislative appropriation, and other moneys from the state, any unit of federal, state, or local government, or any other person, firm, partnership, philanthropic entity, or corporation for deposit to the HOPE Trust Account Fund.

(B) The board shall provide a way for grants, gifts, appropriations or other moneys to the HOPE Trust Account Program to be made in any amount and with the ability to have the funds targeted to specific subgroups, as defined by the entity giving, granting, or appropriating the funds, provided that they are not limited in such a way that would conflict with the intent of the Legislature in establishing the program.

(5) The Treasurer shall, on behalf of the board, appoint an executive director, who shall not be a member of the board and who shall serve at the pleasure of the Treasurer. The Treasurer shall determine the duties of the executive director and other staff, as appropriate, and set their compensation. The board may authorize the executive director to enter into contracts on behalf of the board or conduct any business necessary for the efficient operation of the board.

(6) Make provisions for the payment of costs of administration and operation of the program.

(7) Employ staff.

(8) Retain and contract with private financial institutions, other financial and service providers, consultants, actuaries, counsel, auditors, third-party administrators, and other professionals, as necessary.

(9) Procure insurance against any loss in connection with the property, assets, or activities of the trust.

(10) Procure insurance indemnifying each member of the board from personal loss or liability resulting from a member's action or inaction as a member of the board.

(11) Cause expenses incurred to initiate, implement, maintain, and administer the program to be paid from deposits to, or investment returns or assets of, the program or arrangements established under the program, to the extent permitted under state and federal law.

(12) Carry out the duties and obligations of the program pursuant to this chapter and exercise any and all other powers as appropriate for the effectuation of the purposes, objectives, and provisions of this chapter pertaining to

the program.

(h) The board may adopt regulations to implement this chapter consistent with the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

(Added by Stats. 2022, Ch. 569, Sec. 57. (AB 156) Effective September 27, 2022.)

18997.53. (a) The California Hope, Opportunity, Perseverance, and Empowerment (HOPE) for Children Trust Account Fund is hereby established in the State Treasury. Notwithstanding Section 13340 of the Government Code, except for moneys derived from the federal American Rescue Plan Act of 2021 (Public Law 117-2), moneys in the fund shall be continuously appropriated, without regard to fiscal years, to the HOPE Trust Account Program Board for implementation of the program.

(b) (1) The Treasurer may do both of the following:

(A) Invest moneys in the fund that are not required for its current needs in the eligible securities specified in Section 16430 of the Government Code.

(B) Deposit moneys in the fund for investment in the Surplus Money Investment Fund pursuant to Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government Code.

(2) Notwithstanding Section 16305.7 of the Government Code, all interest or other increment resulting from the investment or deposit of moneys from the fund shall be deposited in the fund. Moneys in the fund shall not be subject to transfer to any other funds pursuant to any provision of Part 2 (commencing with Section 16300) of Division 4 of Title 2 of the Government Code, except to the Surplus Money Investment Fund.

(c) Moneys in the fund shall be used to establish HOPE trust accounts for an eligible child and to provide initial deposits and any future deposits into the accounts.

(d) Of the total moneys continuously appropriated for purposes of the program, up to 5 percent shall be available to administer the HOPE Trust Account program, including the costs associated with convening the advisory committee and reporting to the Legislature. The board shall submit a written annual expenditure plan detailing proposed uses of funding to the Department of Finance and the Joint Legislative Budget Committee by October 1 of every year. To the extent the board's administrative costs will or are projected to exceed 5 percent, the board shall submit a written request, in addition to the annual expenditure plan, for the release of additional funding for administrative costs and the necessity to exceed 5 percent to the Department of Finance and the Joint Legislative Budget Committee. The Department of Finance may provide funds for administration of the program that exceed 5 percent, not sooner than 30 days after notifying, in writing, the Joint Legislative Budget Committee, or any lesser time determined by the chairperson of the joint committee, or the chairperson's designee.

(e) All assets of the fund and moneys allocated to individual HOPE trust accounts shall be considered to be owned by the state until an eligible youth withdraws or transfers money from their HOPE trust account.

(f) To the extent allowed under federal law, because it shall be considered an asset of the state until withdrawn or transferred by an eligible youth, all of the following apply to funds deposited and investment returns accrued in a HOPE trust account established pursuant to this chapter:

(1) It is nontransferable to any person other than the eligible youth, and only as permitted pursuant to this chapter.

(2) It shall not be pledged as collateral for any loan.

(3) It may be subject to a lien.

(Added by Stats. 2022, Ch. 569, Sec. 57. (AB 156) Effective September 27, 2022.)

18997.54. (a) On or before February 1, 2023, the Treasurer shall convene the California Hope, Opportunity, Perseverance and Empowerment (HOPE) Advisory Workgroup to work in coordination with the board on the program design, including, but not limited to, data sharing with relevant governmental agencies and departments, outreach to families of an eligible child and to eligible youth, and the process for program enrollment and continuous measurement of outcomes of the HOPE trust accounts.

(b) The advisory workgroup shall invite participation in the workgroup from the following entities:

(1) Representatives from the California Health and Human Services Agency, the State Department of Social Services, the State Department of Public Health, the State Department of Health Care Services, and the

Department of Corrections and Rehabilitation.

(2) Community stakeholders with knowledge and experience in poverty alleviation, youth development, access to banking for underbanked individuals, asset building, race-wealth gap, consumer protections, and wealth coaching.

(3) Representatives of county human services agencies.

(4) The exclusive representatives of county child welfare workers.

(5) Tribal leaders and representatives of tribal service providers, tribal advocates, and tribal members.

(6) Representatives of the foster youth advocacy community with personal experience in the foster system.

(c) The workgroup shall specifically focus on, but need not be limited to, all of the following:

(1) Who is included as an "eligible child" and "eligible youth" under this chapter, including the ability to include individuals without social security numbers or individual tax identification numbers, the responsible agency for determining eligibility, and estimates of likely program enrollees by year.

(2) Necessary available data and data sharing agreements needed between government entities to meet the requirements of this chapter.

(3) Application of appropriate privacy protections under state and federal law in the identification of, and outreach to, an eligible child and eligible youth.

(4) Acceptable investment products, strategies, risk guidelines, and management requirements to ensure a balance between safety of the principal, liquidity, and expected yield or return.

(5) Actuarial estimates of the amount of investment per program enrollee and the range of financial outcomes.

(6) Effective outreach strategies to ensure accounts are established for the maximum amount of children who may be an eligible child and moneys are drawn down by eligible youth when available.

(7) Determination of necessary administrative components, such as information technology services, recordkeeping, and other services, as well as the ability to use state agency resources or the need for third-party administrators.

(8) Additional areas determined as critical to the implementation of the program, as identified during the course of the workgroup.

(9) Timelines for implementation of this chapter.

(d) The advisory workgroup may consult with additional experts, as necessary, to inform their recommendations.

(Added by Stats. 2022, Ch. 569, Sec. 57. (AB 156) Effective September 27, 2022.)

18997.55. On or before February 1, 2024, the board shall submit a report to the Department of Finance and the Legislature, pursuant to Section 9795 of the Government Code, that includes, at a minimum, recommendations of the board on all of the following:

(a) A detailed plan for implementing the program and establishing and maintaining HOPE trust accounts for an eligible child or eligible youth that maximizes their participation and their autonomous wealth-building capacity.

(b) The anticipated number of HOPE trust accounts to be opened and initial deposit amounts.

(c) A description of the efforts to be used to solicit philanthropic or nonstate moneys to support the program.

(d) Further statutory and budget allocations.

(Added by Stats. 2022, Ch. 569, Sec. 57. (AB 156) Effective September 27, 2022.)